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C O N F I D E N T I A L SECTION 01 OF 03 GUAYAQUIL 001090

SIPDIS

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SUBJECT: PSC,S LEGACY THWARTING IT'S PRESIDENTIAL PROSPECTS?

CLASSIFIED BY: CONSUL GENERAL KEVIN HERBERT, FOR REASONS 1.4 (B&D)

11. (SBU) SUMMARY: OPERATING FORCEFULLY FROM THE SHADOWS, ECUADOR,S SOCIAL CHRISTIAN PARTY (PSC) AND ITS ENTRENCHED LEADER, FORMER PRESIDENT LEON FEBRES CORDERO (LFC), HAVE PROVEN THE COAST,S MOST FORMIDABLE PARTY AND INTEREST GROUP. LFC,S DOMINEERING PRESENCE MAY ALSO BE THE ROOT CAUSE OF THE PARTY'S LACK OF SUCCESS WINNING THE PRESIDENCY SINCE HE LAST PRESIDED (1984-88). A GENERATIONAL SHIFT SHAKING LFC,S TIGHTFISTED REIGN IS NEEDED TO IMPROVE THE PSC'S PRESIDENTIAL PROSPECTS IN 2006. END SUMMARY.

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FIRST-ROUND VICTOR, SECOND-ROUND VANQUISHED  
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12. (SBU) IN A FRAGMENTED SYSTEM WITH 17 REGISTERED PARTIES AND A PICKLE PUBLIC, THE PSC RANKS CLOSEST TO A POLITICAL DYNASTY IN THIS COUNTRY, AT LEAST IN ITS BASE ON THE COAST. ALTHOUGH IT HAS NOT PUT FORWARD A WINNING PRESIDENTIAL CANDIDATE SINCE LFC (NO OTHER PARTY HAS BEEN ELECTED TWICE TO THE PRESIDENCY SINCE THE RETURN TO DEMOCRACY 25 YEARS AGO, EITHER), IT HAS MAINTAINED THE LARGEST BLOCK IN CONGRESS OVER THE PAST TWENTY YEARS, WINNING AN AVERAGE 20 PERCENT OF CONGRESSIONAL SEATS (IT CURRENTLY HAS 25%). THE PSC,S HABITUAL FAILURE TO CAPTURE THE EXECUTIVE OFFICE HAS PROVEN TO BE A MIXED BLESSING.

13. (SBU) FIRST-ROUND PRESIDENTIAL RUN-OFF AND CONGRESSIONAL ELECTIONS TAKE PLACE SIMULTANEOUSLY AND THE PSC USES THIS TIMING TO ITS ADVANTAGE, CAPITALIZING ON PRESIDENTIAL CANDIDATES WITH STRONG COASTAL APPEAL TO BOOST ITS CONGRESSIONAL CANDIDATES. AS A RESULT, THE PSC HAS MAINTAINED ITS INFLUENCE IN CONGRESS AND WIELDS ITS CONGRESSIONAL INFLUENCE TO WIN CONCESSIONS FROM THE EXECUTIVE BRANCH.

14. (SBU) IN THE TWO-ROUND PRESIDENTIAL ELECTION PROCESS, THE PSC CANDIDATE MADE IT TO THE SECOND ROUND IN FIVE OUT OF THE LAST EIGHT ELECTIONS; WINNING THE FINAL ROUND ONLY ONCE. OTHER PARTIES HAVE FARED EVEN WORSE, WITH TWO (DP, URP) VIRTUALLY DISAPPEARING AFTER ELECTING A PRESIDENT. IN ECUADOR'S NOTORIOUSLY UNSTABLE DEMOCRACY, THE PSC,S FAILURE TO WIN THE PRESIDENCY HAS ONE ADVANTAGE FOR THE PARTY, SINCE IT HAS PROVEN MARKEDLY EASIER TO BRING DOWN PRESIDENTS THAN TO MAINTAIN THEM IN POWER.

15. (SBU) THE CORE PSC SUPPORT COMES FROM THE COAST, CENTERED IN ECUADOR'S LARGEST CITY OF GUAYAQUIL. THIS SUPPORT IS SOLID, BASED ON A DECADE OF MUNICIPAL ACHIEVEMENT AND THE BOOSTING OF CIVIC PRIDE UNDER LFC AND CURRENT GUAYAQUIL MAYOR JAIME NEBOT; THE PERSONAL CHARISMA OF THESE TWO LEADERS; AND THEIR ABILITY TO DELIVER BENEFITS FOR CRONIES AND CONSTITUENTS. THIS BASE OF SUPPORT ENSURES THE PSC'S STAYING POWER IN CONGRESS, DESPITE HAVING LITTLE SUPPORT IN THE OTHER MAJOR POPULATION CENTER, THE HIGHLANDS "SIERRA," WHICH IS DOMINATED BY SECOND-LARGEST PARTY, THE DEMOCRATIC LEFT.

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GOVERNING FROM THE SHADOWS  
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16. (SBU) THE PSC HAS SURVIVED WITHIN ECUADOR'S HIGHLY FRAGMENTED POLITICAL ENVIRONMENT BY ACTING FROM THE WINGS INSTEAD OF CENTER-STAGE. PSC BOSSES LFC AND NEBOT PULL STRINGS OR TAKE TO THE STREETS TO ORCHESTRATE CONGRESSIONAL, JUDICIAL AND EXECUTIVE DECISIONS. BOTH LEADERS ARE NOTORIOUSLY VOCAL AND DEMANDING, WINNING SIGNIFICANT EXTRA BENEFITS FROM THE CENTRAL GOVERNMENT APPARATUS FOR THEIR CITY OR THEIR SUPPORTERS.

17. (C) THE PSC,S DEXTERITY AT BACK-ROOM GOVERNANCE WAS ILLUSTRATED BY THE FALL OF FORMER PRESIDENT LUCIO GUTIERREZ. GUTIERREZ FIRST COURTED AND WON PSC SUPPORT AFTER LOSING THE BACKING OF THE LEFTIST COALITION THAT BROUGHT HIM INTO OFFICE. HOWEVER, CONCESSIONS TO THE PSC ULTIMATELY FAILED TO SECURE HIS SURVIVAL, WHEN LFC OBJECTED TO GUTIERREZ' EFFORTS TO BUILD HIS OWN PARTY'S SUPPORT BASE IN THE COASTAL REGION DURING CONFLICTIVE SECTIONAL ELECTIONS IN OCTOBER 2004. LFC'S DECISION TO PURSUE IMPEACHMENT CHARGES RESULTED IN A CONCERTED, AND INITIALLY SUCCESSFUL, ATTEMPT BY GUTIERREZ TO REDUCE LFC,S INFLUENCE, INCLUDING REMOVING THE HEAVILY LFC-INFLUENCED SUPREME COURT. ALTHOUGH THESE MOVES WERE POPULAR AMONG THE GENERAL POPULATION, RESULTING IN A SUBSTANTIAL INCREASE IN GUTIERREZ,S POPULARITY, THEY

OFFENDED UPPER-CLASS QUITENOS AND ULTIMATELY CONTRIBUTED TO HIS OUSTER.

18. (C) AS HIS POLITICAL INFLUENCE INCREASES, LFC SEEMS TO RETREAT DEEPER INTO THE SHADOWS. POLITICS ARE STILL HIS LIFE, AND MORE THAN EVER HE SEES HIMSELF AND HIS BRAND OF CONSERVATIVE POLITICS AS THE SAVIOR OF THE COUNTRY. BUT HE NO LONGER HAS TO RELY ON OCCUPYING VISIBLE PUBLIC POSITIONS SUCH AS PRESIDENT OR MAYOR TO WIELD HIS POWER. OVER THE YEARS HE HAS BUILT UP A LARGE RESERVE OF FAITHFUL FOLLOWERS IN KEY POSITIONS THROUGHOUT THE JUDICIARY, PARASTATAL ENTERPRISES SUCH AS PACIFICTEL, CONGRESS AND LOCAL OFFICIALS. NAME THE ISSUE, AND HELP IS ONLY A PHONE CALL AWAY, AS ANYONE KNOWS WHO HAS BEEN INVITED TO THE DEN OF HIS MODEST HOME IN GUAYAQUIL, WHERE THE PHONES THAT LINE HIS DESK NEVER STOP RINGING.

19. (SBU) EVEN AT AGE 74, THE SALTY POLITICAL WARRIOR SHOWS NO SIGNS OF SLOWING DOWN. THOUGH A SITTING DEPUTY IN CONGRESS, FEBRES CORDERO AVOIDS SPENDING TIME IN QUITO FOR UNSPECIFIED HEALTH REASONS, ) AND IN FACT HAS NOT BEEN TO THE CAPITAL FOR ALMOST TWO YEARS. HOWEVER, NEITHER CANCER NOR THE REMOVAL OF ONE EYE HAS SEEMED TO AFFECT HIS POLITICAL FACULTIES. UNTIL THE AGING LEADER PASSES FROM THE SCENE, THE PSC IS UNLIKELY TO CHANGE.

110. (C) MORE AND MORE WE HEAR THAT LFC,S TRUSTY SIDEKICK AND SON-IN-LAW MIGUEL ORELLANA NOT ONLY ACTS AS THE PARTY BOSS, ENFORCER,, BUT THAT HE HAS USED HIS RELATIONSHIP WITH LFC AND THE ACCESS THAT AFFORDS HIM TO ENGAGE IN SERIOUS CORRUPTION. THOUGH NO ONE HAS BEEN ABLE TO PROVE CORRUPTION CHARGES, RUMORS OF HIS INVOLVEMENT IN THE CONSTANT SACKING OF THE STATE TELECOMMUNICATIONS COMPANY, PACIFICTEL, AND DIRTY OIL DEALS ARE WIDESPREAD. REGARDLESS OF THE LACK OF PROOF, THE PERCEPTION OF CORRUPTION EXISTS, AND SEEMS TO BE SERVING TO ALIENATE MANY IN THE PSC.

111. (C) LFC IS NOT PERSONALLY ABOVE USING HIS INFLUENCE TO HIS OWN ECONOMIC BENEFIT. MOST NOTABLE AMONG MANY RUMORED ECONOMIC INTERESTS IS HIS ECUASAL SALT MONOPOLY, MAINTAINED VIA THE MANIPULATION OF GOE REGULATORS.

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WINDS OF GENERATIONAL CHANGE?  
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112. (SBU) WHILE THE PSC THRIVES ON THE COAST, THE OVERBEARING MANNER OF LFC HAS BECOME A LIABILITY ELSEWHERE. EX-PRESIDENT GUTIERREZ CAPITALIZED ON ANTI-LFC SENTIMENT FOR MANY MONTHS AFTER BEATING BACK LFC'S IMPEACHMENT ATTEMPT.

113. (SBU) LFC'S DOMINATION OF THE PSC HAS ALSO LED TO A MARKED DETERIORATION OF HIS RELATIONSHIP WITH NEBOT, DESCRIBED BY PARTY MEMBERS AS VIRTUAL ESTRANGEMENT OF THE TWO FORMERLY CLOSE LEADERS. THE BREACH WAS EXACERBATED BY LFC'S PRECIPITOUS DECISION TO CHALLENGE GUTIERREZ WITHOUT THE VOTES TO GUARANTEE IMPEACHMENT. LFC PUBLICLY CRITICIZED HIS FORMER PROTEGE'S TACTICS ON SEVERAL OCCASIONS. DURING THE SHOWDOWN WITH GUTIERREZ, WE HEARD FROM NEBOT'S SUPPORTERS THAT A SPLIT WAS POSSIBLE, BUT UNLIKELY, GIVEN NEBOT'S RELUCTANCE TO BREAK WITH HIS FORMER MENTOR WHILE LFC IS ALIVE. WHILE ON THE DAY OF GUTIERREZ, DOWNFALL NEBOT TURNED DOWN A REQUEST FROM LFC TO PUT PEOPLE INTO THE GUAYAQUIL STREETS TO PROTEST THE FLAGGING PRESIDENT, HE DID AGREE TO JOIN THE DETERMINED LFC IN MAKING CALLS TO MILITARY LEADERS URGING THEIR PUBLIC SUPPORT OF PALACIO.

114. (SBU) WITH THE PARTY DIVIDED, AND NEBOT APPARENTLY NOT PRESENTLY INTERESTED IN A THIRD ATTEMPT AT THE PRESIDENCY, THE PSC HAS NOT YET NAMED A CANDIDATE FOR THE 2006 ELECTIONS. LFC-ALLY AND PSC CONGRESS MEMBER CYNTHIA VITERI HAS BEEN INFORMALLY FLOATED AS A POSSIBILITY, AS HAS GUAYAS PREFECT (U.S. GOVERNOR-EQUIVALENT), NICOLAS LAPENTTI. THE PUBLIC VIVIDLY RECALLS THE STILL-FRESH AND ICONIC IMAGE OF VITERI SWEARING IN ALFREDO PALACIO IMMEDIATELY AFTER REMOVING GUTIERREZ FROM OFFICE. THOUGH NOT CONSIDERED A POLITICAL HEAVYWEIGHT, LAPENTTI'S BACKGROUND AND NAME RECOGNITION ADD TO HIS CREDIBILITY. HE HAS BEEN REELECTED PREFECT THREE TIMES, IS TALL AND HANDSOME, HAS A FORMER ECUADORIAN BEAUTY QUEEN WIFE, AND IS THE FATHER OF TWO SONS PLAYING ON THE INTERNATIONAL PROFESSIONAL TENNIS CIRCUIT.

115. (SBU) REGARDLESS, BOTH WOULD FACE A CHALLENGE OUTSIDE THEIR PARTY'S TRADITIONAL STRONGHOLDS AS PARTY LEADERS CONTINUE TO EVINCE LITTLE INTEREST IN BROADENING THEIR BASE BY APPEALING TO MORE NATIONAL SENTIMENTS. AFTER LFC AND NEBOT, NO PSC LEADER HAS STRONG COUNTRYWIDE RECOGNITION.

116. (SBU) COMMENT: WITH OTHER PARTIES LOOKING TO THE YOUNGER GENERATION FOR NEW LEADERS WITH NATIONAL VISION, LFC HAS PROVEN UNWILLING TO CEDE REAL POWER TO ANY PARTY "UPSTARTS." INSTEAD, HE SEEMS CONTENT TO RULE FROM THE SHADOWS, USING HIS Foothold IN GOVERNMENT INSTITUTIONS (CONGRESS, JUDICIARY, PARASTATALS) TO INFLUENCE POLICY. THOSE ACTIONS BRING BENEFITS TO HIS COASTAL BASE, WHICH VOTES PSC FOR CONGRESS AND LOCAL POSITIONS, BUT NOT TO THE REST OF

THE COUNTRY, WHICH RESENTS HIS CONTROL.

117. (C) AT THE SAME TIME, LFC HAS SO TIGHTLY MOLDED THE PSC'S WORKINGS AND SPOILS TO HIS OWN WILL THAT HIS DEMISE WOULD CREATE A POWER VACUUM, WHICH ONLY NEBOT IS IN A POSITION TO FILL. NEVERTHELESS, NEBOT, THE PSC'S MOST VIABLE PRESIDENTIAL CANDIDATE, ALMOST CERTAINLY WILL NOT RUN FOR THAT OFFICE UNTIL LFC'S INFLUENCE IN THE PSC IS DIMINISHED.  
END COMMENT.  
HERBERT